

UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA

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MERLY CS RIGER, Plaintiff, } 3:14-cv-00462-LRH-VPC  
vs. } ORDER  
HOMETOWN MORTGAGE, LLC; }  
NATIONAL DEFAULT SERVICING }  
CORPORATION; and U.S. BANK, N.A.; }  
Defendants. }

15 Before the Court is Plaintiff Merly CS Riger’s (“Riger”) Motion for Reconsideration of  
16 Order Granting Motion to Dismiss and Motion to Certify Question of Law to the Nevada  
17 Supreme Court. Doc. #45.<sup>1</sup> Defendant U.S. Bank National Association (“U.S. Bank”) filed an  
18 Opposition (Doc. #46), to which Riger did not reply.

## I. Facts and Procedural Background

20 After purchasing the subject property with her then-husband, Riger recorded a Deed of  
21 Trust with the Washoe County Recorder's Office on April 26, 2004, naming Hometown  
22 Mortgage, LLC as the Lender, United Title of Nevada as Trustee, and requesting that all tax  
23 statements be sent to Wells Fargo Home Mortgage, Inc. Doc. #3 ¶8. The National Default  
24 Servicing Corporation ("NDSC") recorded a Notice of Default ("NOD") on behalf of U.S. Bank  
25 on November 17, 2009. *Id.* ¶9. On December 9, 2009, a Substitution of Trustee from United  
26 Title to NDSC was executed, and Mortgage Electronic Registration Systems, Inc. ("MERS")  
27 executed a Corporation Assignment of Deed of Trust, which transferred to U.S. Bank all

<sup>1</sup> Refers to the Court's docket number.

1 beneficial interest in the property owned by Riger. Doc. #45 at 3; Doc. #46 at 4. Because the  
 2 property was used as rental property when the NOD was recorded, Defendants recorded a  
 3 Certificate of Mediation on March 24, 2010, stating that no mediation was requested or required.  
 4 *Id.* ¶10. U.S. Bank recorded a First Notice of Sale (“First NOS”) on March 24, 2010. *Id.* ¶11.

5 On April 5, 2010, Riger filed suit against U.S. Bank and NDSC in the Second Judicial  
 6 District Court, Washoe County, Nevada, claiming causes of action related to wrongful  
 7 foreclosure. Doc. #25, Ex. 10. Riger’s complaint was merged with the *In re Mortgage*  
 8 *Electronic Registration Systems Litigation*, and the class filed an Amended Master Complaint on  
 9 June 4, 2011. *Id.*, Ex. 11. The United States District Court for the District of Arizona dismissed  
 10 the class’ claims on October 3, 2011, and the Ninth Circuit affirmed the dismissal on June 12,  
 11 2014. *Id.*, Ex. 12; *id.*, Ex. 13.<sup>2</sup>

12 U.S. Bank recorded a Second Notice of Sale (“Second NOS”) on May 15, 2014, and  
 13 scheduled foreclosure for August 25, 2014. Doc. #3 ¶12. By the time of the Second NOS, Riger  
 14 had divorced her husband and moved into the property as her principal residence. *Id.* ¶13. Riger  
 15 attempted to elect mediation upon receipt of the Second NOS, but her request was returned by  
 16 Nevada State Foreclosure Mediation without explanation. *Id.* ¶15. NDSC conducted a  
 17 foreclosure sale on the property at 11:00 a.m. on August 25, 2014. *Id.* ¶21. An Assignment of  
 18 Deed of Trust was recorded on August 25, 2014, at 2:09 p.m., which assigned the deed from  
 19 MERS to U.S. Bank. *Id.* ¶20.

20 Riger filed this Complaint and recorded a lis pendens on September 3, 2014. *Id.* The  
 21 Complaint stated five causes of action: (1) violations of NRS § 107.080; (2) actual fraud; (3)  
 22 violations of the Nevada Deceptive Trade Practices Act; (4) breach of the implied covenant of  
 23 good faith and fair dealing; and (5) quiet title. *Id.* U.S. Bank filed its Motion to Dismiss on  
 24 November 7, 2014. Doc. #24. In her Opposition, Riger requested that the Court grant leave to  
 25 amend to file a First Amended Complaint, and attached the proposed amended complaint. The  
 26 Amended Complaint excluded Riger’s second through fourth claims, and only alleged causes of  
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28 <sup>2</sup> In the January 14, 2015 Order, the Court rejected the argument that Riger’s present lawsuit was  
 barred by the doctrine of claim preclusion. Doc. #44 at 4-5.

1 action for quiet title and violations of NRS § 107.080. Doc. #37, Ex. 1. The Court granted U.S.  
 2 Bank's Motion to Dismiss on January 14, 2015, and denied Riger's request for leave to amend  
 3 because amendment would be futile. Doc. #44.

4 **II. Discussion**

5 Riger argues first that the Court should reconsider its Order dismissing her deficient  
 6 foreclosure claim under NRS § 107.080. Second, Riger argues—for the first time—that her  
 7 deficient foreclosure action hinges on an unsettled question of Nevada law, and requests that the  
 8 Court certify this question of law to the Nevada Supreme Court.

9 **A. Motion to Reconsider**

10 Upon motion by a party within twenty-eight days of the entry of judgment, the court may  
 11 alter or amend its findings under Federal Rule of Civil Procedure 59(e). A party can also seek  
 12 reconsideration under Federal Rule of Civil Procedure 60(b). “Reconsideration is appropriate if  
 13 the district court (1) is presented with newly discovered evidence, (2) committed clear error or  
 14 the initial decision was manifestly unjust, or (3) if there is an intervening change in controlling  
 15 law.” *School Dist. No. 1J, Multnomah Cnty., Or. v. ACandS, Inc.*, 5 F.3d 1255, 1263 (9th Cir.  
 16 1993). A motion for reconsideration “may not be used to raise arguments or present evidence for  
 17 the first time when they could reasonably have been raised earlier in the litigation.” *Carroll v.*  
 18 *Nakatani*, 342 F.3d 934, 945 (9th Cir. 2003). District courts have discretion regarding whether to  
 19 grant a motion to amend under Rule 59(e) or 60(b). *Wood v. Ryan*, 759 F.3d 1117, 1121 (9th Cir.  
 20 2014).

21 Riger's Motion for Reconsideration centers on the assertion that the Court erred by  
 22 treating her deficient foreclosure claim as waived. However, the Court did not treat her deficient  
 23 foreclosure claim under NRS § 107.080 as waived, and directly addressed the merits of that  
 24 claim in the January 14, 2015 Order. Doc. #44 at 6-7. Riger is correct, however, that the Court  
 25 inadvertently believed that Riger did not preserve a portion of her deficient foreclosure claim,  
 26 based on the argument that U.S. Bank was not acting as a Trustee at the time of the foreclosure  
 27 sale. *See id.* at 7 n.3. Accordingly, the Court has reviewed the prior order, the parties' briefs,  
 28 and relevant case law, and addresses the issue of U.S. Bank's Trustee status at the time of the

1 NOD in this Order.

2        “In a nonjudicial foreclosure, the trustee may sell the property to satisfy the obligation  
 3 only after certain statutory requirements are met.” *Edelstein v. Bank of N.Y. Mellon*, 286 P.3d  
 4 249, 254-55 (Nev. 2012). These requirements include:

5        First, the trustee must give notice by recording a notice of default and election to  
 6 sell and serving the grantor with a copy of that notice. NRS 107.080(2)(c). The  
 7 grantor then has a certain number of days in which to make good the deficiency.  
 8 NRS 107.080(2)(a) and (b). After at least three months have passed from the  
 9 recording of the notice of default, the trustee must give notice of the sale. NRS  
 10 107.080(4).

11        *Id.* at 255. A sale can be voided, however, if it was “carried out without substantially complying  
 12 with the statutory requirements.” *Id.* (citing NRS § 107.080(5)). For owner-occupied properties,  
 13 a sale cannot be recorded unless the trustee records a certificate stating that “no mediation is  
 14 required” or that “mediation has been completed.” NRS § 107.086(2)(d)(1)-(2). The statute  
 15 defines “owner-occupied housing” as “housing that is occupied by an owner as the owner’s  
 16 primary residence.” NRS § 107.086(15)(e).

17        Riger argues that “NDSC was not the properly substituted trustee when the NOD and  
 18 mediation notices were sent to [Riger], violating N.R.S. § 107.080(5).” Doc. #45 at 9. NRS §  
 19 107.080(5) states that a foreclosure is void if the “trustee or other person authorized to make the  
 20 sale does not substantially comply with the provisions” of NRS § 107.080. Riger argues that her  
 21 foreclosure was therefore defective for failure to comply with NRS § 107.080 because “NDSC  
 22 had no standing to issue the NOD and the mediation notices and MERS never ‘ratified’ those  
 23 actions.” Doc. #45 at 10. Indeed, NDSC was not substituted as Trustee until December 9, 2009,  
 24 approximately three weeks after NDSC recorded a NOD on Riger’s property. However, the fact  
 25 that NDSC was substituted as Trustee shortly after it recorded a NOD on U.S. Bank’s behalf  
 26 does not establish that the foreclosure was deficient under NRS § 107.080. In other cases in  
 27 which NDSC was substituted as trustee after recording a notice of default or sale, the United  
 28 States District Court for the District of Nevada has held that such a timeline is “fairly common  
 and not improper in foreclosure.” *Wensley v. First Nat’l Bank of Nev.*, 874 F. Supp. 2d 957, 965  
 (D. Nev. 2012). Moreover, “Nevada law [does not] require a substitution of trustee be recorded

1 prior to a notice of default.” *Swapp v. Wells Fargo Bank, N.A.*, No. 2:12-cv-0179, 2012 WL  
 2 5989498, at \*4 (D. Nev. Nov. 29, 2012).

3 Furthermore, the record indicates that MERS ratified NDSC’s issuance of the NOD by  
 4 subsequently recording the Substitution of Trustee document. “When a beneficiary ratifies the  
 5 actions of its agent before it is properly substituted, that ratification cures any defect in the  
 6 filing.” *Hickerson v. Wells Fargo Bank, N.A.*, No. 3:11-cv-0812, 2012 WL 194616, at \*2 (D.  
 7 Nev. Jan. 20, 2012). Subsequent recording of a Substitution of Trustee constitutes valid  
 8 ratification. *See Wensley*, 874 F. Supp. 2d at 965 (“NDSC’s formal substitution as trustee after  
 9 signing the notice as an agent appears to show, at the least, ratification of the previously-claimed  
 10 agency.”). The Court therefore finds that the NDSC’s action sending the NOD was subsequently  
 11 ratified by MERS and U.S. Bank. Accordingly, the Court’s inadvertent failure to consider  
 12 Riger’s argument that NDSC was not a valid trustee when it sent the NOD is not grounds for  
 13 reconsideration because the NOD was ratified, and recording the substitution of NDSC as trustee  
 14 after the NOD does not establish deficient foreclosure, and the NOD was subsequently ratified.

15 Riger also has not identified compelling reasons for the Court to reconsider denial of her  
 16 Motion to Amend. The court must grant leave to amend “when justice so requires.” Fed. R. Civ.  
 17 P. 15(a)(2). If the court grants a motion to dismiss, “[t]he standard for granting leave to amend is  
 18 generous.” *Balistreri v. Pacifica Police Dep’t*, 901 F.2d 696, 701 (9th Cir. 1990). The Court  
 19 will generally only decline to grant leave to amend if the party opposing amendment shows “bad  
 20 faith, undue delay, prejudice to the opposing party, futility of amendment,” or that the plaintiff  
 21 has previously amended the complaint without healing its defects. *United States v. Corinthian  
 22 Colls.*, 655 F.3d 984, 995 (9th Cir. 2011) (citing *Johnson v. Buckley*, 356 F.3d 1067, 1077 (9th  
 23 Cir. 2004)). The Court properly denied Riger’s Motion to Amend as futile because Riger cannot  
 24 establish that U.S. Bank had a duty to mediate when the NOD was filed—because the unit was  
 25 not owner-occupied—or that the foreclosure was deficient because the substitution of NDSC as  
 26 trustee was not recorded until after the NOD. As a result, amendment would be futile because  
 27 the proposed amended complaint attached as an exhibit to Riger’s motion still fails to state a  
 28 claim upon which relief can be granted. *See* Doc. #37, Ex. 1.

1                   **B. Motion to Certify Question of Law**

2                   Riger also moved the Court to certify a question of law to the Nevada Supreme Court:  
 3                   “Does the requirement to mediate under NRS 107.086 on owner-occupied properties attach to the  
 4                   Notice of Default or to the exercise of the power of sale?” Doc. #45 at 13.

5                   Nevada Rule of Appellate Procedure 5 grants the Nevada Supreme Court the power to  
 6                   “answer questions of law certified to it by the Supreme Court of the United States, a Court of  
 7                   Appeals of the United States or of the District Columbia, a United States District Court, or a  
 8                   United States Bankruptcy Court.” The United States Supreme Court has acknowledged that  
 9                   “certification of novel or unsettled questions of state law for authoritative answers by a State’s  
 10                   highest court . . . may save ‘time, energy, and resources and hel[p] build a cooperative judicial  
 11                   federalism.’” *Arizonans for Official English v. Arizona*, 520 U.S. 43, 77 (1997) (quoting *Lehman*  
 12                   *Bros. v. Schein*, 416 U.S. 386, 391 (1974)). Classification is not mandatory, and “when a federal  
 13                   court confronts an issue of state law which the state’s highest court has not addressed, the federal  
 14                   court’s task typically is to predict how the state’s highest court would decide the issue.”  
 15                   *Carolina Cas. Ins. Co. v. McGhan*, 572 F. Supp. 2d 1222, 1225 (D. Nev. 2008). “When a party  
 16                   requests certification for the first time after losing on the issue, that party must show ‘particularly  
 17                   compelling reasons’ for certifying the question.” *Id.* at 1226 (quoting *Complaint of McLinn*, 744  
 18                   F.2d 677, 681 (9th Cir. 1984)).

19                   This Motion relates to the Court’s determination that defendants did not have a duty to  
 20                   mediate prior to foreclosing on Riger’s property because it was not owner-occupied at the time of  
 21                   the NOD. Riger’s Complaint states that for owner-occupied property, the trustee must comply  
 22                   with NRS § 107.068(2)(d), which requires a certificate stating that no mediation is required or  
 23                   that mediation has been completed. In its Order entered on January 14, 2015, the Court held:

24                   [T]he requirement to mediate only attaches to the NOD, and the property was not  
 25                   owner-occupied when the NOD was filed on November 17, 2009. Nevada law  
 26                   only recognizes a statutory mediation requirement for owner-occupied properties,  
 27                   and notes that mediation must be requested within thirty days of the NOD. *See*  
 28                   *Pasillas v. HSBC Bank USA*, 255 P.3d 1281, 1284 (Nev. 2011) (“The program  
                  requires that a trustee seeking to foreclose on an owner-occupied residence  
                  provide an election-of-mediation form along with the notice of default and  
                  election to sell.”); NRS § 107.080(3). The Court is aware of no precedent  
                  requiring the lender to send an additional election-of-mediation form for a

1 subsequent notice of sale that does not include a subsequent notice of default, nor  
 2 has Riger identified such precedent.

3 Doc. # 44 at 7. Riger argues that certification of this question to the Nevada Supreme Court  
 4 would clarify the legal effect of Riger's moving onto the property after the NOD in this case.  
 5 Moreover, Riger states that "this issue is of extreme importance and will have significance to  
 6 many individuals beyond the parties to this lawsuit," and certification of the question would  
 7 "substantially aid this court in its determination of the issues raised not only by the parties in this  
 8 action, but also in other cases pending before the District Court." Doc. #45 at 14.

9 A district court should not certify a question when the statutory language is clear, and for  
 10 any ambiguities, district courts are encouraged to predict how the Nevada Supreme Court would  
 11 interpret the statutory language. *Bank of the W. v. Great Falls Ltd. P'Ship*, No. 2:09-cv-0388,  
 12 2012 WL 2415519, at \*1 (D. Nev. June 26, 2012). NRS § 107.086(1) states that "the exercise of  
 13 the power of sale pursuant to NRS 107.080 with respect to any trust agreement which concerns  
 14 *owner-occupied housing* is subject to the provisions of this section."<sup>3</sup> NRS § 107.086(3)  
 15 provides that "not later than 30 days after service" of notice, the grantor must complete a  
 16 mediation form and serve notice upon the party being foreclosed upon. Foreclosure Mediation  
 17 Rule 7.1, as written when the NOD was recorded, provides that eligibility for the Foreclosure  
 18 Mediation Program:

19 applies to any grantor or person (homeowner) who holds the title of record and is  
 20 the owner-occupant of a residence as to which a notice of default and election to  
 21 sell has been recorded on or after July 1, 2009. For purposes of these rules, an  
 22 owner-occupant includes the trustee of a revocable or irrevocable trust if the  
 23 trustor or a beneficiary of that trust resides in the residence at the time of the  
 24 recordation of the notice of default and election to sell.

25 Doc. #40, Ex. 22 at 6. After reviewing the submissions of the parties, the Court finds that the  
 26 most credible interpretation of the language of the applicable statutes and rules is that the  
 27 foreclosing party has an obligation to send an election-of-mediation form within thirty days of  
 28 the NOD. As such, U.S. Bank fulfilled this obligation and was not required to send an additional

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<sup>3</sup> Owner-occupied housing is defined as "housing that is occupied by an owner as the owner's primary residence." NRS § 107.086(15)(e).

1 mediation form upon learning that Riger moved into the property after the NOD. As such, Riger  
2 cannot establish that U.S. Bank did not substantially comply with the provisions of NRS §  
3 107.080(5).

4 That Nevada precedent does not state an obligation to send a new election-of-mediation  
5 form if the property becomes owner-occupied after the owner receives a NOD does not indicate  
6 that this is an unsettled question of state law. Rather, the absence of this requirement indicates  
7 that, based on the clear language of the statute as currently written, the foreclosing party fulfills  
8 its obligations under the statute once it sends an election-of-mediation form within thirty days of  
9 the NOD. Because Riger raised this motion for the first time after losing on the issue, she “must  
10 show ‘particularly compelling reasons’ for certifying the question.” *McGhan*, 572 F. Supp. 2d at  
11 1225. For the reasons discussed above, the Court finds that Riger has failed to meet this burden,  
12 and denies her Motion to Certify.

13 **III. Conclusion**

14 IT IS THEREFORE ORDERED that Riger’s Motion for Reconsideration (Doc. #45) is  
15 DENIED.

16 IT IS FURTHER ORDERED that Riger’s Motion to Certify Question of Law to the  
17 Nevada Supreme Court (Doc. #45) is DENIED.

18 IT IS SO ORDERED.

19 DATED this 21st day of April, 2015.



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21 LARRY R. HICKS  
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UNITED STATES DISTRICT JUDGE